

Message Text

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ACTION OES-07

INFO OCT-01 NEA-10 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-08 DOE-11 H-01 INR-10 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 SP-02

SS-15 STR-07 TRSE-00 ACDA-12 /117 W

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TO SECSTATE WASHDC PRIORITY 6045

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DEPT FOR OES/NET

PASS DOE (TARDIFF,MCFARREN) USGS (REINEMUND), AID/NESA; AID/OST

E.O.11652:N/A

TAGS: ENRG, TECH, TGEN, EG

SUBJ: LDC ENERGY PROGRAM (US-EGYPT COOPERATIVE ENERGY ASSESSMENT)

INITIAL DISCUSSION REPORT.

1. SUMMARY: LDC ENERGY TEAM HAS HELD SERIES OF PRELIMINARY DISCUSSIONS SINCE FEB 14 WITH WIDE RANGE OF SENIOR GOE REPS WITH ENERGY RESPONSIBILITIES AND INTERESTS. DISCUSSIONS ALSO HELD WITH EMB/USAID STAFF. MTGS INFORMED GOE ABOUT PROGRAM AND LAID GROUNDWORK US ASSESSMENT TEAM DUE MID-MARCH. FULL REPORT OF MTGS WAS HANDCARRIED TO WASH FEB.25 BY KARLA KING(DOE) . PROPOSED COOP WAS GENERALLY WELL REC'D BY GOE. HOWEVER, SOME OFFICIALS HAVE RESERVATIONS ABOUT WHAT PROGRAM WILL ACTUALLY ACCOMPLISH FOR EGYPT; PARTICULARLY, GIVEN SHORT TIME FRAME. NO SENSITIVITY WITH RESPECT TO NUCLEAR AGREEMENTS OR NEGOTIATIONS EVIDENT AS YET. HOWEVER, SOME SENSITIVITY TO TERM LDC, HAS LED TO NAME CHANGE OF EGYPT PROGRAM . END SUMMARY.

2. TEAM MEMBERS & SCIATT MET WITH VARIOUS GOE OFFICIALS BETWEEN FEB 14 AND FEB.22. AFTER BRIEF COURTESY CALL ON DEP PM AND MIN ELECTRICITY & ENERGY SULTAN, TEAM MET WITH GOE GROUP CONVENED BY LIMITED OFFICIAL USE

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UNDERSECRETARY ABAZA REPRESENTING MOSTLY ENERGY RESOURCE & SUPPLY & ELECT. GENERATING INTERESTS. LDC PROGRAM, ORIGIN, NATURE AND GOALS WAS DESCRIBED. SUBSEQUENTLY MTGS WERE HELD WITH EGYPTIAN GEOLOGICAL SURVEY, EGYPTIAN GENERAL PETROLEUM CO.(EGPC), MIN OF INDUSTRY & MINING, MIN. OF FINANCE, AND MIN OF ECON PLANNING SENIOR OFFICIALS. FULL LIST OF OFFICIALS CONTACTED CONTAINED IN REPORT CARRIED BY KING. ALL GOE OFFICIALS PROMISED ATLEAST TO MAKE INFO

AVAILABLE AND MOST TO ACTIVELY ASSIST.

3. GOE RECEPTION WAS CORDIAL AND COOPERATIVE AS IS NORMAL DURING MTGS AND OFFICE VISITS. HOWEVER, ATLEAST ONE OFFICIAL, ELECT.GEN. AUTHORITY UNDERSECRETARY AHMED SHARKAWY LATER TOLD KING HE QUESTIONED IF LDC PROGRAM REALLY COULD BENEFIT EGYPT,PARTICULARLY SINCE IT WILL HAVE TO BE BASED INITIALLY ON INFO ALREADY AVAILABLE TO GOE. IF WORK PRODUCT IS SIMPLY ANOTHER REPORT, WITH OLD DATA MERELY DRESSED UP IN NEW FORMAT, SHARKAWY FEELS A LOT OF VALUABLE TIME WILL HAVE BEEN WASTED, INCLUDING HIS OWN. DR. MAHMOUD EL KOSHAIRY, PRES.OF SOLAR ENERGY COMMISSION MADE SIMILAR POINT LESS RIGOROUSLY IN NOTING THAT IF ENERGY OPTIONS ARE TO BE MEANINGFULLY CONSIDERED, ESPECIALLY IN TERMS OF FEASIBILITY OF NEW TECHNOLOGIES IN 1985 AND BEYOND, REASONABLY GOOD COST PROJECTIONS ARE NEEDED. IF ECONOMIC COMPETITIVENESS OF NEW TECHNOLOGIES AS APPLIED IN EGYPT CANNOT BE REASONABLY ASSESSED, THERE WILLBE LITTLE INCENTIVE FOR PLANNERS TO CONSIDER THEM. HE NOTED THAT WITH RESPECT TO SOLAR ENERGY, ABOUT ALL HE CAN GO ON AT MOMENT IS MFG. PRICE LISTS FOR ON SHELF DEVICES AND PROPOSALS SUBMITTED BY COMPANIES. THE ECONOMIC FEASIBILITY OF ACTUAL PROJECT APPLICATIONS IN EGYPT CANNOT EASILY BE INFERRED FROM THESE. HE MADE PLEA FOR US ASSISTANCE IN ECONOMIC EVALUATION OF TECHNOLOGIES AND MEASURING SUPPLIER RELIABILITY.

4. ENERGY RESOURCE PEOPLE (GEOL.SURVEY, MIN.IND.& MINING,EGPC) WERE SOMEWHAT MORE ENTHUSIASTIC, PERHAPS WITH HOPE THAT LDC LIMITED OFFICIAL USE

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ASSESSMENT CAN HELP THEM IN BETTER PLANNING FOR RESOURCE DEVELOPMENT, EVALUATION AND EXTRATION. PLANNING AND FINANCE OFFICIALS WERE ALSO INTERESTED IN PLANNING CONCEPTS LDC PROGRAM MIGHT PROVIDE..IN ELECTRICITY AND, PARTICULARLY ABABA WERE MOST ENTHUSIASTIC, POSSIBLY PARTLY FOR BUREAUCRATIC REASONS,E.G. PROGRAM IF SUCCESSFUL (AND FOCUSED IN OR BY MIN ELECTRICITY & ENERGY) COULD BETTER RATIONALIZE AND DEFINE ELECTRICAL POWER NEEDS AND POINT OUT NEW SOURCES AND TECHNOLOGIES TO BE DEVELOPED(UNDER DEP.PM SULTAN) FOR GENERATING ENERGY PARTICULARLY ELECTRICAL. TIME AVAILABLE FOR PRELIMINARY MTGS DID NOT PERMIT MUCH CONTACT WITH ENERGY "USERS", E.G. HOUSING, INDUSTRY, AGRICULTURE OFFICIALS.

5. LDC TEAM AND SCIATT CAREFULLY EXPLAINED THAT NUCLEAR ENERGY AS A RESOURCE WILL BE CONSIDERED IN THE STUDY AND ASSESSMENT AND THAT NEITHER EXISTING AGREEMENTS AND ARRANGEMENTS NOR ONGOING NEGOTIATIONS WILL BE AFFECTED BY ASSESSMENT. THE EXPLANATION HAS RAISED NO QUESTIONS OR APPARENT CONCERN SO FAR.DEP DIR. OF NUCLEAR POWER AUTHORITY OMAR SIRRY HOWEVER, MADE PT OF NOTING THAT DELAYS IN CONCLUDING ARRANGEMENTS FOR WESTINGHOUSE REACTOR WILL CAUSE GOE TO COMMIT SIGNIFICANT FUNDS TO BUILD CONVENTIONAL THERMAL PLANTS TO PICK UP LOAD THEY HAD EXPECTED NUCLEAR PLANT TO SUPPORT IN 1985-87 AND TO ADDITIONALLY COVER COSTS, RISING

WITH INFLATION, RELATED TO "DELAYED" NUCLEAR PLANT. HE DID NOT SPECIFY IF HE WAS SPEAKING NEW BUDGET, REPROGRAMMED OR DONOR FUNDS.

6. DESPITE RUSHED MTG. SCHEDULE, TEAM PRELIMINARY DISCUSSIONS ACCOMPLISHED FOLLOWING:

- 1) THE BACKGROUND AND OBJECTIVES OF THE U.S. INITIATIVE FOR A COOPERATIVE ENERGY ASSESSMENT WITH EGYPT WERE EXPLAINED.
- 2) EGYPT'S ELECTRIC ENERGY ACTIVITIES AND THEIR PRIORITIES WERE EXPLAINED. THE ROLE OF ENERGY IN OVERALL DEVELOPMENT PLANNING WAS RECOGNIZED.
- 3) THE A.R.E. MINISTRIES, AUTHORITIES AND INSTITUTIONS WITH WHOM DISCUSSIONS HAVE BEEN HELD SUPPORT THE CONCEPT OF A SYSTEMATIC

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INFO OCT-01 NEA-10 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-11 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 SP-02
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ASSESSMENT OF ENERGY OPTIONS AND WILL COOPERATE WITH THE U.S. IN THE CONDUCT OF SUCH AN ASSESSMENT.

- 4) METHODS UNDER CONSIDERATION FOR THE SYSTEMATIC IDENTIFICATION AND ASSESSMENT OF ENERGY OPTIONS AVAILABLE TO EGYPT WERE EXPLAINED.
- 5) ARRANGEMENTS INCLUDING ADMINISTRATIVE & LOGISTICAL SUPPORT TO CARRY OUT THE COOPERATIVE ASSESSMENT WERE PLANNED. THE U.S. ASSESSMENT TEAM WILL VISIT CAIRO FOR APPROXIMATELY ONE MONTH BEGINNING IN MID-MARCH, 1978.
- 6) A REPORT ON THE FIRST ROUND OF DISCUSSIONS WAS PREPARED IN DRAFT BY THE U.S. REPRESENTATIVES. EGYPTIAN COMMENTS ON THAT REPORT HAVE BEEN RECEIVED AND ARE BEING INCORPORATED. IT IS ALSO SUGGESTED THAT EFFORT BE RENAMED "US-EGYPT COOPERATIVE ENERGY ASSESSMENT" TO GET AROUND SOME SENSITIVITY TO TERM "LDC", AND EMPHASIZE BILATERAL NATURE OF PROGRAM HERE.

7. COMMENTS: ALTHOUGH GOE IS RECEPTIVE AND INTERESTED IMQSTUDY

AND HAS PROMISED FULL COOPERATION, KEY TO CONTINUED ACTIVE ASSISTANCE, PARTICULARLY AS OFFICIALS DIGEST RATHER RUSHED AND INTENSIVE ORAL BRIEFINGS RECEIVED DURING PAST WEEK, WILL CERTAINLY BE DEGREE TO WHICH EGYPT CAN BENEFIT IN A MEASURABLE WAY. IF A REALLY USEFUL PLANNING TOOL RESULTS, WELL AND GOOD, BUT IF IT IS SIMPLY ANOTHER REPORT, WHOLE EXERCISE WILL BE VIEWED AS WASTE OF TIME. OTHERS CAN BE EXPECTED TO SHARE SHARKAWY'S LIMITED OFFICIAL USE

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SKEPTICISM IF POTENTIAL USE, AT LEAST, IS NOT APPARENT EARLY ON. THERE IS ALSO POSSIBILITY THAT IF EFFORT DOES NOT PRODUCE CREDIBLE RESULTS, IT CAN COME TO BE VIEWED AS SIMPLY AN ATTEMPT TO DIVERT EGYPTIAN ATTENTION FROM SHARKAWY WHO SEEMS TO BE QUITE COMPETENT

YOUNG TECHNOCRAT GOE COORDINATOR FOR PROGRAM, BECAUSE HE FEELS IT IS BETTER IF SHARKAWY IS INVOLVED AND SKEPTICAL, RATHER THAN EXCLUDED AND ANTAGONISTIC. THERE IS NO REASON TO BELIEVE SHARKAWY WILL NOT COOIQNATE, HOWEVER HE CLEARLY HAS A "SHOW ME" VIEW. END FYI.

8. IT WOULD BE USEFUL IF GOE COULD BE PROVIDED WITH A WRITTEN PROGRAM DESCRIPTION DOCUMENT NOTING ASSESSMENT METHODOLOGY, INFORMATIONAL REQUIREMENTS, AND WAYS IN WHICH EGYPT CAN BENEFIT. IT MIGHT ALSO

HELP IF ASSISTANCE INHRRAINING EGYPTIANS IN METHODOLOGY AND IN APPLYING ASSESSMENT TECHNIQUES TO SOME SPECIFIC TECHNOLOGY CHOICES (E.G. CASE STUDY, SOLAR ENERGY IN HOUSING) COULD BE CONTEMPLATED FOR FUTURE.

9. THE GOVERNMENT OF EGYPT IN GENERAL, AND THE MINISTRIES OF ELECTRICITY AND ENERGY, PLANNING & INDUSTRY IN PARTICULAR, ARE INUNDATED WITH FOREIGN EXPERT TEAMS PERFORMING NUMEROUS TYPES OF ASSESSMENTS. BECAUSE OF THIS, THE WORK LOAD AND DEMANDS ON THE TIME OF THE KEY OFFICIALS IS VERY HEAVY. UNLESS THEY SEE PRACTICAL VALUE COMING FROM THIS COOPERATION IT IS LIKELY THAT THEIR PARTICIPATION WILL BE MORE PROFORMA THAN SUBSTANTIVE. FURTHER, IF THE RESULTS OF THIS ASSESSMENT ARE NOT SEEN TO HAVE BEEN WORTH THE EFFORT, FUTURE U.S. ATTEMPTS AT COOPERATIVE ACTIVITY CAN BE NEGATIVELY AFFECTED.

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10. THE VERY STRINGENT U.S. TIMETABLE FOR THIS ACTIVITY WILL SEVERELY LIMIT THE ABILITY TO GAIN ACCESS TO DATA THAT IS NOT

READILY AVAILABLE THROUGH PREVIOUSLY PREPARED REPORTS AND ESTABLISHED SOURCES. THE THOROUGHNESS OF THE ASSESSMENT WILL ALSO BE RESTRICTED. IT WILL BE ESSENTIAL THAT THE REPORT GO BEYOND A MERE LAYING OUT OF ENERGY OPTIONS WHICH ARE, IN THEORY, AVAILABLE TO EGYPT. WHILE THIS MAY NOT BE POSSIBLE DURING THE INITIAL EFFORT BETWEEN NOW AND JUNE, 1978, THE U.S. POSITION SHOULD BE DEVELOPED REGARDING FOLLOW-UP ACTIVITIES WHICH WILL EXAMINE ECONOMIC AND TECHNICAL PLANNING FACTORS IN MORE DEPTH. IT IS CLEAR THAT THE EGYPTIAN GOVERNMENT WILL BE ASKING FOR COMMITMENTS FOR FURTHER WORK.EILTS

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